studies on prices, which the bureau hopes to publish at regular intervals.

HENRY J. HARRIS.

Library of Congress, Washington.

Geld und Kapital. By FRIEDRICH BENDIXEN. (Leipzig: Duncker und Humblot. 1912. Pp. 187. 4.50 m.)

This is a book of twenty brief essays based upon the author's views as developed in his *Das Wesen des Geldes* which was published in 1908. All but four of the essays (nos. 2, 4, 7, and 12) have been previously published, most of them in the "Bank-Archiv." The essays are here grouped into six chapters dealing respectively with the theory of money, the Reichsbank problem, the crisis of 1907 and the bank inquiry, the policy of the Reichsbank, land credit, and the national capital.

The book is dedicated to George Friedrich Knapp, and the author is an adherent of Knapp's *Staatliche Geldtheorie:*

> The stability of the value of gold depends . . . not, as people have heretofore believed, upon its natural properties, nor upon the fact that people measure all value in terms of gold thereby making gold the fixed unit, but simply on the fact that the state, by virtue of legal regulations, purchases gold and disposes of it at a fixed price. Money derives its value therefore not from gold; on the contrary gold derives its value from money, that is from provisions of law relative to monetary matters.
>
> For the conception of a system of value the recognition of this fact signifies a complete revolution. Heretofore people saw all value circling about gold, as about a fixed and unshakable center; now this is recognized as a delusion. In truth value moves about an ideal center (the nominal unit of value), and only in an artificial way has gold been tied to this center. If this artificial connection is discontinued, *i.e.*, if free coinage of gold is given up in gold standard countries, then values will travel peacefully on their road around the nominal value unit (pp. 5 and 6).

According to the author modern books on money are sadly out of date. Their ideas concerning such matters as the rapidity of monetary circulation, the monetary demand, and the monetary supply have long since become inapplicable because of the development of modern means of payment, such as the giro-transfers of the Reichsbank, bank notes, etc. (pp. 10 and 11). Giro-transfers are as truly money as is gold coin, they represent ideal units of value, and are based upon the property whose exchange calls them into being (p. 60). The exchange having been made the

money ceases to exist (p. 61). It is a primitive notion to insist that money must be a material thing. The abstract unit of value is not identical with a given quantity of a precious metal (p. 19). Most German money is not issued directly by the state; witness, for example, the gold coin issued through the Reichsbank (on the presentation of bullion), bank notes, and giro-transfers.

The book is suggestive but superficial. Many of the ideas are not as new as the author apparently believes them to be. It is based largely upon German conditions. The *Knappsche Geldtheorie* which it in large part represents has not received much recognition outside of Germany, although Knapp's *Staatliche Theorie des Geldes* was published in 1905. Most economists believe that the unit of value need not represent a commodity standard, that is, that it may have a value as money entirely different from the value of its constituent metal, as, for example, was the case of the Indian rupee from 1893 to 1898. Most economists further believe that the monetary demand for gold represents a very important influence in determining its value and that legislation may determine the extent and the direction of the monetary demand for gold and silver. Granting this, however, it is none the less true that the monetary unit is not an ideal thing but a definite value expressed in a coin—a value varying according to the play of the forces of demand and supply. The great bulk of the exchanges may be effected in Germany by means of giro-accounts and bank notes; it is still true that a giro-transfer for 1000 marks or a bank note for that sum represents the value of 1000 of the monetary units known as the mark, and must be paid in those units if demanded. All prices of goods sold, no matter what the medium by which payment is made, are expressed in terms of these units. The value of these units is determined by the law of supply and demand, and, under free coinage, conforms closely to the value of the 6.148 grains of standard gold which is coined into a mark.

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NEW BOOKS

Bagshaw, J. F. G. and Hannaford, C. F. *Practical banking, including currency.* (London: Pitman. 1913. Pp. 316. 5s.)

Balla, I. *The romance of the Rothschilds.* (New York: Putnam. 1913. $3.25.)